

ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-October 14, 2010

Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order at 3:30 PM by Chairman Paul Ryan.

Members Present: Joe Cirillo, Paul Ryan, Joe Newsome, Chris Powell, Dan Justynski, Marion Gold, Abigail Anthony and Ken Payne

Staff Present: Charles Hawkins and Dan Carrigg

Consultants: Scudder Parker and Mike Guerard

Others Present: Josh Craft, Karl Munzol, Brian Kearney, Katie O'Rourke, Ed White, Tom Teehan, Jeremy Newberger, Rachel Henschel

Acceptance of Minutes

Paul R. asked for a motion to approve the August minutes, Dan J. made the motion it was seconded by Joe C. and passed unanimously.

Joe Newsome then made a motion to approve the September minutes, it was seconded by Joe C. and passed unanimously.

A motion was made by Dan J. to have the council designate Ed White, NGrid's VP for Energy Products, as NGrid's ex-officio representative to the Council replacing Tim Stoud. It was seconded by Paul R. and passed unanimously.

Executive Director's Report

The LIHEAP season is expecting increasing demand, the possibility of a colder winter, and rising oil prices. It usually serves about 32,000 clients. There is more vulnerability on the oil side because gas customers can not be shut off in the winter. Another challenge is reduced federal funding. The final appropriation will not be decided until the lame duck session. OER anticipates 30% less to start the season.

OER has also had to tighten eligibility screening for LIHEAP. This requires rewriting the LIHEAP manual and revising CAP contracts for the first time in 15 years. This has put the OER 2 weeks behind last year's schedule. LIHEAP is the most pressing issue for the OER.

Joe N. asked about the application process. Ken P. said that the first funding to go out will be for Crisis Grants to people who are in danger of shutoffs. The primary grants have been reduced by about 20%, which will allow OER to serve more customers.

On a brighter note, the American Council for an Energy Efficient

Economy had RI ranked 9th in 2009, and it looked like RI's 2010 rating would fall. However, OER submitted revised numbers, factoring LCP into the equation, which moved RI to 7th.

In August the OER send USDOE a revised SEP but it has not been acted on. RI was able to spend 18% of ARRA SEP by 9/30 which is just below USDOE's goal of 20%. The EECBG is now 100% obligated and spending has begun.

Dan J. was curious about the loan program with RI Housing that could aid RI towns in financing EE. Paul R. said the meeting was held on 9/25 and was a success with both RI Housing and EDC expressing interest. There was a need for a state level entity with bonding capacity to take on this task. Another meeting is planned shortly. It was mentioned that the RI Senate has expressed interest in legislation to provide financing for EE. Ken P. said leadership is on board and he feels there will be legislation. Paul R. felt that the council was in a good position to provide feedback on this legislation.

The Green & Health Homes Initiative (GHHI) is applying to HUD for lead funding and the OER will support this effort. It is estimated that \$2,000 per unit will pay for the EE portion of these improvements. It is expected that 150 homes will be worked on in the Providence pilot.

Joe N. asked Ken P. if he was suggesting that the Council propose potential remedies for the LIHEAP dilemma. Ken P. felt LIHEAP would be at the forefront of the public agenda in the months ahead, and it would be appropriate if the council was proactively involved. LIHEAP may require statutory and regulatory changes. He cited a conference call with Mary Bray of the PUC about the LIHEAP challenges and shutoff policy. Temporary fixes have created a gruesome situation that is not sustainable.

Chris P. opined that WAP could be one of the solutions. Ken P. responded that WAP strategy is a critical long terms solution that also produces jobs. OER weatherized 93 homes a month in 2008; that has increased to an average of 170 a month in 2010. Marion G. asked if a faster conversion to natural gas would help. Ken P. felt this would only exasperate the utility shutoff situation. Gas customers are protected from shutoffs from November to April. Last week the PUC lowered the down payment needed to get your utility turned back on.

OLD BUSINESS

RGGI Discussion

Ken P. got the green light from the Governor's office to release the 40% RGGI funding to NGrid. Now the OER needs to develop a spending plan for next year, with consultation from the EERMC and

the DEM. It will go through standard rule making procedures. Ken P. wants to work with the Council to make the new rules of the highest quality. It should take about 50 days. Paul R. thought the Council should participate in any hearings on RGGI rules.

Discussion, Review and Approval of NGrid's 2011 EE Program Plan

The 2011 EE Program Plan will ramp up to meet the Council's 9/1 savings goals. Due to continued economic stress, NGrid did not meet the 2010 savings goals but expects to be back on track for 2011 which is the third year of the LCP plan. The 2011 programs will cost 5.2 cents/Kwh which is less than supply at 9.115 cents/kWh. Benefit to cost ratio is 2.86. The budget is 46% higher than 2010; the participation goal is 70% higher; and the savings goal is 50% higher than 2010. The DSM will be \$0.0053 per kWh which is 0.0021 higher than 2010 and is the same as was proposed in the three-year plan. This is 60% higher than the current charge to meet the increased savings goals.

On the gas side the increase is steeper. This is because the statutory cap on the DSM charge has been lifted. Savings goals are 35% higher; the participation goal doubles; and the budget will double. Savings goals represent 0.5% of baseline sales; which ramps up to 1.2% by 2014. The proposed gas DSM charge is 0.41 per Dth and it is \$0.26 higher than 2010. Program cost is 5.28 \$/Dth; which is less than supply at 10.8 \$Dth.

Along with the increase in the DSM, NGrid is also assuming \$6 million from RGGI for the electric programs which includes carryover from 2010. It also assumes \$4.7M in the RGGI 40% will be received to set up the heating loan program. Chris P. asks if Forward Capacity Market (FCM) funding was included. Jeremy answered yes.

Changes from 2010 include: On C&I financing: a \$2.6M Small Business Revolving Loan Fund; and a \$1.2M Large C&I Revolving Loan fund will be created from the RGGI 40%.

Additional financing of \$3.5M is being sought in outside funding. The reconciling mechanism in the decoupling legislation takes away the uncertainty of funding shortfalls. Other changes include innovative pilot projects; new delivery initiatives and a comprehensive marketing campaign.

Katie O'Rourke was then introduced to present 2011 C&I EE Programs. The gas and electric programs will be fully integrated with rebates of 75% for regular projects and 90% for more comprehensive projects. The commercial kitchen plan will expand to include electric. The retrofit program will pay up to 50% of total project cost and 60% for more comprehensive projects. Joe C. asked what comprehensive meant. She said it is going beyond basic EE. Chris P. brought up the issue of TA studies and how it can take too much time to move projects forward by doing them. Sometimes by the time you are ready to go programs change and the incentives are no longer there.

Chris P. thought it would be helpful to interview frequent customers to find out where the bottlenecks are to delivering EE services. Ed White said that NGrid was working with focus groups to find out what these bottlenecks are.

The Small Business Direct Install Program will include: gas measures; a Main Street Initiative on Aquidneck Island targeting small businesses to increase participation; and a vehicle for community outreach.

Other focused initiatives include: expanding multi-family participation; codes and standards; retro-commissioning; marketing; and financing.

Ken P. asked if building maintenance and occupancy codes are being considered. Katie O. answered indirectly yes, but not directly. Ken P. said that they are 40 years old and outdated. They have no energy expectations. At some point this issue needs to be dealt with. Joe C. suggested inviting the Building Commission to the next meeting to see if there is any activity on this issue.

Brian Kearny was introduced to give an update on residential EE. NGrid will be focusing on greater participation 2011, especially in hard to reach (HTR) areas, to coincide with the ramping up of savings goals.

The EnergyWise Program will increase incentives from 50% with a cap of \$1500, to 75% with a cap of \$2,000. To increase employment, NGrid plans on doing 100 contractor jobs this year and will increase contractor participation through use of a hotline, coop advertising, and training. A 0% interest 7 year loan program with a cap of \$15,000 will be available, contingent on the RGGI 40%, that will address weatherization and heating replacements. NGrid will also continue with its Deliverable Fuels Program, funded by ARRA. 478 weatherization jobs have been completed since its 8/1/10 launch.

NGrid is working with Apeiron to reach out to 2500 Providence homes and do 400 independent educational audits done with local youth. Joe N. asked if Apeiron was training auditors. Yes, there have been 3 classes. Joe N. then asked if RISE had a monopoly on these audits. Brian K. said that the contract was competitively bid and that it runs out in the first quarter of 2011 when another RFP will be issued.

On the low income side, NGrid plans on leveraging ARRA funding with EE Program funds to get deeper savings while at the same time exploring new cost effective measures. Low income gas EE will increase by 400%.

In new construction: NGrid is looking to increase participation, especially in Tier 2 and Code Plus Programs and will do a minimum of 6 code trainings on IECC 2009. The goal is to do 450 homes, up from 300 in 2010.

NGrid plans on reopening and expanding the high-efficiency heating program that was suspended last spring. They also plan out reach to HTR areas to encourage increased participation. In the EnergyStar HVAC Program oil and propane have been fully integrated into the Cool Smart Program. They will also be offering rebates on ECM circulating pumps for FHW boilers.

Acting on a recommendation from the KEMA Report, NGrid will launch a behavioral pilot. A RFI will go out in November soliciting national behavioral companies to run the pilot. It will also launch a Community Based Initiative to target areas for increased participation. A marketing campaign utilizing TV, Billboard and print will try to make constituents more aware of the EE Programs.

Chris P. suggested utilizing HR Programs throughout RI to increase the EE awareness of their employees. Brian said that NGrid has been going around to corporations and energy fairs with the EE message and has spoken at URI to Marion G.'s students. Ed White said that NGrid has been rethinking the term marketing; looking at it as education & outreach. Marion G. thought this could help improve NGrid's sometimes negative image. Abigail A. wanted to compliment the consultants and the NGrid team for working with the council to get their priorities into the plan. She feels that the Council now has a good system on how to review EE plans and get their priorities recognized.

Paul R. felt that it would be good to hear VEIC's presentation before voting on the plan. Abigail A. asked why the electric benefits for 2011 are calculated to be \$178M but in the three year plan the estimate for 2011 is only \$109M. Jeremy said it was because for the three year plan they were using 2007 avoided cost figures and for the 2011 plan they used 2009 avoided cost.

Abigail A. commented that NGrid hadn't agreed to a sub-committee recommendation to change the name of the DSM charge. The RI EE Program was suggested. She felt that consumers should know that the charge will benefit them by returning \$2.8 for every dollar spent. Chris P. agreed saying that customers should know they are getting value out of the DSM. Marion G. agreed with Chris P. & Abigail A.

Abigail then commented that the two reconciling processes in the plan, one in November and one in May, were too burdensome. Jeremy said that in November it is really the budget process and then at the end of the year they reconcile. A discussion then ensued about the value of reconciling twice a year with Chris P. concerned about the effort required to do it twice annually. Scudder P. said that Vermont had been doing it for 10 years and they reconcile in December.

NEW BUSINESS

VEIC Report on Cost Effectiveness

VEIC was asked to prepare a report on the cost effectiveness of the 2001 EE Plan that can be used as evidence before the PUC. The report concluded that the 2011 EE Plan is cost effective using Total Resource Cost (TRC) test and that they represent a reasonable and credible ramp-up of NGrid's implementation efforts. VEIC concludes that the 2011 EE Program Plan meet the TRC requirements of RIGL 39-1-2.7 and includes a fully reconciling funding mechanism sufficient to pay for the proposed budget be approved by the PUC within 60 days as required by the statute.

This is a quasi-legal document that is a statement of findings that gives evidence to allow the PUC to act. VEIC is clear that the real test of EE effectiveness is in the TRC.

Paul R. wanted to move on to a vote to on the 2011 EE Program Plan. A discussion then ensued concerning the wording of the motion to approve the plan. It was agreed to approve separate motions.

Marion G. proposed the following motions:

Motion 1: The EERMC votes to approve National Grid's 2011 Energy Efficiency

Plan and authorize a subcommittee to work with National Grid to finalize two

unresolved issues: 1) the name of the energy efficiency surcharge, and 2) the fully reconciling funding mechanism. The EERMC reserves the right to provide supplementary comments to the PUC in the event that these issues are not resolved. The EERMC also votes to approve the VEIC/Optimal consulting team's report on the cost effectiveness of the 2011 Energy Efficiency Plan and authorizes a subcommittee to continue to work with the consultant team to finalize the report.

Motion 2: The EERMC votes to authorize the subcommittee to sign the Council onto the 2011 Energy Efficiency Settlement Plan.

The motions were formally made by Paul R., seconded by Joe C. and passed unanimously.

Discussion of the Field's Point LNG Tank

Joe C. said he will be unable to present his report because he had not received the data he needs on the 1966 & 1976 seismic codes. He would like to take up this agenda item at a latter meeting.

Adjournment:

A motion was made by Paul R. to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 6:30 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore